

Message Text

LIMITED OFFICIAL USE

PAGE 01 BRASIL 00349 01 OF 03 161131Z
ACTION H-03

INFO OCT-01 ARA-10 ISO-00 SS-15 NSC-06 AID-01 /036 W
-----021123 161142Z /17

R 141117Z JAN 78
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 5620
INFO AMEMBASSY BUENOS AIRES
AMEMBASSY SANTIAGO
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

LIMITED OFFICIAL USE SECTION 1 OF 3 BRASILIA 0349

E.O. 11652: N/A
TAGS: OREP, EGEN, POL, BR
SUBJ: CODEL RUESS MEETINGS IN BRASILIA ON JANUARY 11: BRIEFINGS
ON (1) BRAZILIAN ECONOMY, (2) BRAZIL'S FOREIGN POLICY AND
(3) HUMAN RIGHTS

REF: BRASILIA 0339

1. SUMMARY: CODEL RUESS, LED BY CONGRESSMAN MOORHEAD, HAD
A FULL AND FRUETFUL VISIT TO BRASILIA JANUARY 11 AND MET WITH
BOTH THE FINANCE AND FOREIGN MINISTERS. PART OF THE DELEGATION
ALSO MET WITH A SPOKESMAN FOR THE NATIONAL CONFERENCE OF BRAZILIAN
BISHOPS (CNBB). IN ADDITION, THE CODEL VISITED THE SITE OF THE
CENTER FOR PROFESSIONAL DEVELOPMENT, AN INDUSTRIAL APPRENTICE
TRAINING CENTER PARTLY FINANCED BY IDB. AT AN EVENING RECEPTION
GIVEN BY THE CHARGE THE CODEL HAD AN OPPORTUNITY TO MEET
WITH A WIDE RANGE OF GOVERNMENT AND NON-GOVERNMENT BRAZILIANS,
INCLUDING PLANNING MINISTER REIS VELLOSO. MESSAGE BELOW
SUMMARIZES THE MEETINGS WITH THE FINANCE AND FOREIGN MINISTERS
AND CNBB. END SUMMARY.

2. MEETING WITH FINANCE MINISTER. MINISTER SIMONSEN PROVIDED
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BRASIL 00349 01 OF 03 161131Z

CODELS (CODEL BAKER JOINED CODEL RUESS FOR THIS MEETING)
WITH A GENERAL BRIEFING ON RECENT PERFORMANCE OF THE BRAZILIAN
ECONOMY. HE NOTED THAT BRAZIL'S GNP OF APPROXIMATELY \$165
BILLION IN 1977 AND POPULATION OF 115 MILLION IMPLY AN AVERAGE
PER CAPITA INCOME OF \$1,400. FOLLOWING ANNUAL ECONOMIC GROWTH
IN EXCESS OF 10 PERCENT IN 1968-73, BRAZIL MANAGED TO SUSTAIN
GROWTH OF ABOUT 7.5 PERCENT PER ANNUM AFTER THE OIL CRISIS.

REAL GROWTH IN 1977 WAS PERHAPS 5 PER CENT OR SLIGHTLY HIGHER. HE STATED THAT BRAZIL MUST MAINTAIN RELATIVELY HIGH ECONOMIC GROWTH RATES IN ORDER TO ABSORB ABOUT 1 MILLION NEW JOB-SEEKERS EACH YEAR THAT RESULT FROM POPULATION GROWTH THAT IS ESTIMATED AT 2.7 PERCENT PER ANNUM. MINISTER SIMONSEN SAID THAT BRAZIL'S TWO MAIN PROBLEMS ARE STILL THE BALANCE OF PAYMENTS AND INFLATION BUT THAT THE IMPROVEMENT IN THE TRADE DEFICIT FROM \$4.6 BILLION IN 1974 TO ESSENTIALLY ZERO 1977, AND IN THE CURRENT ACCOUNT DEFICIT FROM 7.1 BILLION TO \$3.8 BILLION IN THE SAME YEARS, WAS A REMARKABLE ACHEIVEMENT.

3. IN RESPONSE TO QUESTIONING, MINISTER SIMONSEN COMMENTED ON THE GROSS FOREIGN EXTERNAL DEBT (INCLUDING PRIVATE DEBT) WHICH REACHED ABOUT \$31 BILLION AT THE END OF 1977. FOREIGN COMMERCIAL BANKS ACCOUNT FOR 60 PERCENT OF THE TOTALV THE BRAZILIAN BORROWERS ARE ABOUT 55 PERCENT PUBLIC AND 45 PERCENT PRIVATE SECOTOR. HE SUGGESTED THAT PERHAPS \$3 TO 4 BILLION OF THE DEBT IS IN THE FORM OF PARENT-TO-SUBSIDIARY LOANS WHICH HE CHARACTERIZED AS DISGUISED DIRECT INVESTMENT. THE MINISTER STRESSED THE EXISTENCE OF A MINIMUM AMORTIZATION PERIOD OF 5 YEARS AND GRACE PERIOD OF 2.5 YEARS AND THE FAVORABLE PROFILE WHICH THESE TERMS HAVE GIVEN TO THE OVERALL DEBT. HE NOTED THAT NET FOREIGN DEBT (E.E., \$31 BILLION LESS THE APPROXIMATELY \$7 BILLION IN RESERVES) AMOUNTS TO \$24 BILLION OR THE EQUIVALENT OF ABOUT 2 YEARS OF 1977 EXPORTS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BRASIL 00349 01 OF 03 161131Z

4. IN REGARD TO BRAZIL'S EXTENSIVE USE OF INDEXING, THE FINANCE MINISTER ATTRIBUTED ITS ADOPTION TO THE VERY HIGH RATE OF INFLATION BRAZIL EXPERIENCED IN THE EARLY 1960'S. HE CREDITED INDEXING WITH REDUCING MANY DISTORTIONS IN THE ECOMOMY AND STIMULATING DOMESTIC SAVINGS RATES OF ABOUT 25 PERCENT. ON THE OTHER HAND, HE EMPHASIZED THAT FEEDBACK EFFECTS MAKE MUCH MORE DIFFICULT ANY ATTEMPT TO REDUCE INFLATION. HE POINTED OUT THAT INFLATION WAS 38.8 PERCENT IN 1977, DOWN FROM 46 PERCENT IN 1976, BUT THAT PROGRESS IS SLOW AND REQUIRED MODIFICATION OF INDEXING (E.G., LESS THAN FULL ADJUSTMENT AND CAUTIOUS MONETARY AND FISCAL POLICIES. HE NOTED THAT INDEXING IS COMPREHENSIVE IN BRAZIL, AND INCLUDES THE EXCHANGE RATE IN THE FORM OF THE MOVING PEG. HOWEVER, THE GOB IS TRYING TO GRADUALLY REDUCE INFLATION AND THE DEGREE OF INDEXING. HE ADDED HE WOULD NOT RECOMMEND THAT THE U.S. ADOPT INDEXING.

5. MINISTER SIMONSEN MAINTAINED THAT BRAZIL IS A MEDDLE-LEVEL DEVELOPING COUNTRY, WEALTHY IN CERTAIN RESPECTS BUT SUFFERING FROM SEVERE REGIONAL DISPARTIES AND CONTINUED BALANCE OF PAYMENTS CONSTRAINTS. INTERNATIONAL ADVISOR ARY PINTO POINTED OUT THE IMPORTANCE OF SUBSTANTIAL USAID ASSISTANCE IN 1965-68 AND

MINISTER SIMONSEN ACKNOWLEDGED THAT BRAZIL IN NOW THE WORLDS
BORROWER FROM THE IBRD AND IDB. HE EXPLAINED THAT BRAZIL HAS
MAJOR TAX INCENTIVES AIMED AT STIMULATING INVESTMENT IN THE
NORTHEAST AND THE STATE OF BAHIA HAS ENJOYED ANNUAL GROWTH
RATES OF 10-12 PERCENT. HE DEFENDED THE IMPORT SUBSTITUTION PROGRAM
AS A LONG-TERM NECESSITY EVEN THOUGH HE AGREED THAT IT HAS
ADVERSE EFFECTS ON PRICES AND ALLOCATION OF RESOURCES IN THE
SHORT-RUN.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 BRASIL 00349 02 OF 03 161132Z POSS DUPE
ACTION H-03

INFO OCT-01 ARA-10 ISO-00 SS-15 NSC-06 AID-01 /036 W
-----021146 161206Z /10

R 141117Z JAN 78
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 5621
INFO AMEMBASSY BUENOS AIRES
AMEMBASSY SANTIAGO
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

LIMITED OFFICIAL USE SECTION 2 OF 3 BRASILIA 0349

6. MEETING WITH FOREIGN MINISTER. CODEL ALSO MET WITH FOREIGN
MINISTER SILVEIRA FOR ONE HOUR ON JANUARY 11. HE OPENED THE
SESSION BY COMMENTING THAT THERE WERE NO ANT-AMERICAN SENTIMENTS
IN BRAZIL AND HE WAS PLEASED THE U.S. HAD "LATELY DECIDED"
TO RECOGNIZE THE MEMORANDUM OF UNDERSTANDING. HE SAID THE MOU
HAD BEEN DENIED BY THE U.S. AND CONSIDERED A DEAL DOCUMENT.
QUESTIONED ON THIS BY THE CHARGE, HE RECEDED TO A CLAIM THAT
THE MOU HAD BEEN CRITICIZED IN THE CARTER CAMPAIGN. THERE WAS AN
EXCHANGE BETWEEN THE FOREIGN MINISTER AND THE CODEL ABOUT THE
DIFFERENCES BETWEEN WHATIS SAID IN THE HEAT OF AN ELECTION
CAMPAIGN AND OFFICIAL ACTION.

7. SILVEIRA WAS ASKED BY CODEL REUSS IF HE COULD INDICATE WHAT
HAD TRANSPIRED ON THE PANAMA CANAL IN HIS MEETING WITH CODEL
BAKER EARLIER THAT DAY. SILVEIRA REPLIED THAT BRAZIL DOES NOT
USE THE CANAL MUCH SINCE IT IS ALREADY OBSOLETE FOR ALRGE SHIPS
AND BRAZIL PRINCIPALLY USES IT FOR SHIPMENTS TO THE WEST COAST
OF CANADA. THEREFORE, HE SAID, BRAZIL COULD JUDGE THE SITUATION
WITH MORE TRANQUILITY. IN FACT, HE THOUGHT THE WHOLE QUESTION

WAS OVEREMPHASIZED IN THE U.S. WHERE IT WAS SIMPLISTICALLY BELIEVED THAT IF THE PROBLEMS OF THE PANAMA CANAL AND CUBA WERE SOLVED, ALL PROBLEMS WITH LATIN AMERICA WOULD GO AWAY.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BRASIL 00349 02 OF 03 161132Z POSS DUPE

HE ADDED, THAT OTHER NATIONS IN LATIN AMERICA HAD THEIR EXPECTATIONS RAISED IN REGARD TO THE PANAMA CANAL, BUT THAT BRAZIL WAS LESS EMOTIONAL

ON THIS MATTER. HIS FREE ADVICE TO THE U.S. WAS THAT IF RATIFICATION DOES NOT SEEM LIKELY WE SHOULD POSTPONE THE VOTE. HE SUGGESTED THAT POSTPONEMENT WOULD CAUSE A LESS HOSTILE REACTION THAN REJECTION. HE HAD ALREADY SAID THE BRAZILIAN DIPLOMATS "WOULD NOT LIKE" TO NEGOTIATE A TREATY COMING INTO EFFECT OVER 20 YEARS LATER SINCE THERE ARE TOO MANY FUTURE UNKNOWN.

8. THE FOREIGN MINISTER GAVE AN OVERVIEW ON BRAZILIAN FOREIGN POLICY, PARTICULARLY AS IT RELATED TO AFRICA WHERE HE CITED THE EARLY RECOGNITION OF THE NEWLY INDEPENDENT PORTUGUESE SPEAKING NATIONS. IN REGARD TO ANGOLA, THE RELATIONSHIP WAS NOT ONE OF SOLIDARITY BUT OF TRADE AND EXCHANGE. HE SAID THERE HAD BEEN A 550 PERCENT INCREASE IN TRADE WITH AFRICA IN THE LAST THREE YEARS. HE ALSO OBSERVED THAT THE CUBANS AND SOVIETS WOULD PREFER NOT TO HAVE THE BRAZILIANS IN THOSE COUNTRIES.

9. LOOKING AHEAD IN AFRICA, SILVEIRA SAID NAMIBIA IS THE TEST CASE. HE EXPRESSED CONCERN THAT THE WESTERN COUNTRIES MIGHT BE GETTING READY TO MAKE A DEAL WITH SOUTH AFRICA ON NAMIBIA. SILVEIRA DID NOT EXPLAIN HIS STATEMENT AND SIMPLY SAID TO THE CODEL, "YOU CONSULT THE UN", WHEN HIS ALLEGATION OF A WESTERN DEAL ON NAMIBIA WAS CHALLENGED.

10. AFTER THE CODEL HAD GIVEN THE FOREIGN MINISTER SOME OF THEIR IMPRESSIONS OF THEIR TRIP TO CUBA, SILVEIRA REPLIED SUCCINCTLY TO A QUESTION ON BRAZIL'S RELATIONSHIP WITH CUBA: "WE HAVE NONE". HE EXPLAINED THAT BRAZIL HAD ABSTAINED WHEN THE U.S. HAD LED THE MOVEMENT TO LIFT SANCTIONS BECAUSE BRAZIL'S POSITION MIGHT CONDITION BEHAVIOR OF OTHER LATIN AMERICAN COUNTRIES. WHEN SILVEIRA WAS ASKED ABOUT THE HUMAN RIGHTS REPORT TO THE CONGRESS HE SHARPLY REPLIED IT WAS NOT A REPORT ABOUT HUMAN RIGHTS, IT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BRASIL 00349 02 OF 03 161132Z POSS DUPE

WAS A POLITICAL REPORT AND NO COUNTRY HAS THE RIGHT TO INTERFERE IN BRAZIL'S POLITICAL LIFE. HE SAID THE U.S. CANNOT LEGISLATE FOR OTHER COUNTRIES--"IT IS NOT THE ROMAN EMPIRE". HE ACKNOWLEDGED, HOWEVER, THAT HUMAN RIGHTS IS A UNIVERSAL PROBLEM, BUT WARNED THAT IF THE U.S. BEHAVES AS THOUGH IT HAS A MONOPOLY IT MAY DEMORALIZE HUMAN RIGHTS EFFORTS IN OTHER COUNTRIES.

11. ON NUCLEAR QUESTIONS THE FOREIGN MINISTER REPEATED THE WELL KNOWN BRAZILIAN POSITIONS STARTING WITH BRAZIL AS A PEACEFUL NATION WHICH WOULD NEVER HAVE NUCLEAR WEAPONS AND PROCEEDING THROUGH THE NEED FOR TECHNOLOGY, PARTICULARLY NUCLEAR. HE SAID THE U.S. THINKS THAT IT CAN IMPEDE TECHNOLOGY AND, IF FORCED, OTHER NATIONS WILL OBTAIN NUCLEAR TECHNOLOGY INDEPENDENTLY AND WITHOUT SAFEGUARDS. HE ASSERTED THAT BRAZIL WILL CONVINCE THE U.S. OF THE RIGHTNESS OF ITS POSITION ON REPROCESSING JUST AS IT HAD DONE ON ENRICHMENT. HE INDICATED BRAZIL'S IRRITATION THAT THE U.S. WOULD SAY WE ARE DOING THINGS WE ARE NOT DOING".

12. BOTH THE CODEL AND THE FOREIGN MINISTER EXCHANGED APPRECIATION FOR THE FACT THEY HAD HAD A FULL, FRANK AND OPEN DISCUSSION. SILVEIRA INDICATED THAT BRAZIL WAS ALWAYS WILLING TO HAVE SUCH DISCUSSIONS ON ANY TOPIC WITH THE U.S. (FOR PRESS REPORTS AND SUBSEQUENT FONMIN REACTION ON THE NUCLEAR DISCUSSION DURING THE CODEL/SILVEIRA MEETING SEE REFTEL.)

13. MEETING WITH CNBB. DURING A LATE AFTERNOON MEETING BETWEEN SEVERAL MEMBERS OF THE CODEL AND PADRE VIRGILIO LEITE UCHAO, UNDERSECRETARY GENERAL OF THE NATION CONFERENCE OF BRAZILIAN BISHOPS (CNBB) UCHAO SAID THE HUMAN RIGHTS SITUATION IN BRAZIL

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 BRASIL 00349 03 OF 03 161131Z
ACTION H-03

INFO OCT-01 ARA-10 ISO-00 SS-15 NSC-06 AID-01 /036 W
-----021140 161143Z /17

R 141117Z JAN 78
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 5622
INFO AMEMBASSY BUENOS AIRES
AMEMBASSY SANTIAGO
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

LIMITED OFFICIAL USE SECTION 3 OF 3 BRASILIA 0349

HAS IMPROVED IN RECENT YEARS BUT ABUSES STILL REMAIN. CONCERNING POLITICAL DISSIDENTS, HE NOTED THERE HAVE BEEN SOME 5,000 EXILES FROM BRAZIL SINCE 1964. HE SAID IT IS HARD TO DOCUMENT CASES OF DISAPPEARANCE BECAUSE OF THE POSSIBILITY THE PERSONS

HAVE GONE UNDERGROUND TO CARRY ON POLITICAL ACTIVITY. HE SAID HE HAD NO EVIDENCE THAT THE DEATH SQUADS HAVE KILLED POLITICAL DISSIDENTS IN RECENT YEARS, ALTHOUGH THESE SQUADS APPEAR TO BE KILLING PETTY CRIMINALS. HE SAID SEVERAL OF THESE PERSONS ARE FOUND DEAD EACH WEEK, APPARENTLY MURDERED. IT IS HARD TO ESTABLISH WHETHER THEY HAVE BEEN KILLED BY OTHER CRIMINALS OR BY DEATH SQUADS OF OFF-DUTY POLICEMEN CONDUCTING VIGILANTE JUSTICE.

14. IN RESPONSE TO A QUESTION ABOUT WHETHER USG'S HUMAN RIGHTS REPORT HAD HELPED OR HURT HUMAN RIGHTS SITUATION IN BRAZIL, THE PADRE AVOIDED A DIRECT ANSWER, BUT SAID THE USG SHOULD SHIFT FROM ITS EMPHASIS ON SPECIFIC ABUSES WHICH HE CALLED MERELY EFFECTS AND CONCENTRATE ON THE UNDERLYING STRUCTURAL CAUSES OF HUMAN RIGHTS VIOLATIONS--THE LACK OF DUE PROCESS, OF HABEAS CORPUS, AND OF RESPONSIVENESS OF THE FEDERAL GOVERNMENT AND POLITICAL PARTIES TO THE WILL OF THE PEOPLE. AS LONG AS THESE ITEMS WERE IN SHORT SUPPLY, HE SAID THE POTENTIAL LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BRASIL 00349 03 OF 03 161131Z

FOR HUMAN RIGHTS ABUSES WOULD BE PRESENT. HE AGREED THAT DEMOCRATIZATION COULD BRING PROBLEMS, BUT HE SAID LIBERTY WAS A RISK THAT SHOULD BE TAKEN. HE MENTIONED THE DANGER OF IRRITATING NATIONAL SENSITIVITIES THROUGH FOREIGN PRESSURES AND THEREBY STRENGTHENING THE FORCES FOR REPRESSION. PADRE UCHOA SAID THERE IS A TIME WHEN FOREIGN PRESSURES ARE HELPFUL AND TIMES WHEN THEY ARE HARMFUL, BUT HE WOULD NOT CHARACTERIZE THE PRESENT MOMENT IN BRAZIL.

15. IN RESPONSE TO QUESTIONS ABOUT COMMUNISM, PADRE UCHAO SAID THE SOME BRAZILIAN BISHOPS MIGHT FAVOR THE LEGALIZATION OF THE COMMUNIST PARTY IN BRAZIL, BUT THIS WAS NOT A GENERAL POSITION OF BRAZILIAN BISHOPS. HE SAID HE HAD NO PERSONAL KNOWLEDGE OF THE CHURCH IN CUBAN BUT THOUGHT IT HAD NOT BEEN COMPLETELY WIPED OUT, AS REPORTED BY SOME MEMBERS OF THE CODEL, ALTHOUGH HE CONCEDED THAT ITS HIERARCHY AND FORM HAD CHANGED GREATLY. HE RESISTED ARGUMENTS THAT THE BRAZILIAN CHURCH SHOULD SPEAK OUT AGAINST COMMUNISM BY SAYING THE COMMUNISM LACKED POPULAR SUPPORT IN BRAZIL AND THAT WHAT SUPPORT IT DID HAVE COULD BE MORE EFFECTIVELY ERADICATED BY THE CHURCH'S CONTRIBUTING TO THE SOLUTION OF SOCIAL PROBLEMS.
JOHNSON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: HUMAN RIGHTS, CODELS, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BRASIL00349
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780022-0938
Format: TEL
From: BRASILIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780163/aaaachfv.tel
Line Count: 324
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 39a863e3-c288-dd11-92da-001cc4696bcc
Office: ACTION H
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 BRASILIA 339
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3774949
Secure: OPEN
Status: NATIVE
Subject: CODEL RUESS MEETINGS IN BRASILIA ON JANUARY 11: BRIEFINGS ON (1) BRAZILIAN ECONOMY, (2) BRAZIL'S FOREIGN POLICY AND (3) HUMAN RIGHTS
TAGS: OREP, EGEN, PEPR, BR, (RUESS), (MOORHEAD)
To: STATE
Type: TE
vdkgvkey: odb://SAS/SAS.dbo.SAS_Docs/39a863e3-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014